

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-63-E - ORDER NO. 2006-159
MARCH 13, 2006

| | |
|--|--------------|
| IN RE: Application of Lockhart Power Company |) ORDER |
| Requesting that the Meter-Testing |) APPROVING |
| Requirement as Set Forth in Commission |) WAIVER OF |
| Regulation 103-370 Be Waived During This |) COMMISSION |
| Remaining 3-Year Meter Replacement Period |) REGULATION |

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of Lockhart Power Company (Lockhart or the Company) to waive the meter testing requirement of 26 S.C. Code Ann. Regs. 103-370 (1976) during the Company's 3-year meter replacement period as described below.

Lockhart states that over the last 10-12 years, Lockhart monitored the advancement of technology in the metering field and selected the appropriate technology that would enable the Company to perform remote metering. Lockhart then made plans to upgrade all its single-phase meters to a new type unit. In 2000, the Company completed the evaluation phase of the process and over the last five years, has moved into the meter replacement phase of the process. Currently, nearly one-half of all single-phase meters have been replaced with meters that enable remote reading. To date, of Lockhart's total of 6,132 active single-phase meters, 2,864 have been replaced with new meters, leaving the remaining 3,268 meters to be replaced. The Company's plan is to replace

approximately 1, 100 meters per year during 2006, 2007, and 2008, thus completing the process.

Lockhart notes that it has followed the practice of testing all single-phase meters as set forth in this Commission's Regulations, rather than seek approval of a Sample Meter Testing Plan. While the Company has moved forward in its selection of a new meter, postponements have occurred that were caused by delays in the meter technology development process which, in turn have caused delays in Lockhart's testing of meters. Although the delays are now apparently behind the Company, as it moves forward with meter replacement, the Company desires to avoid the expense of field testing, if possible, because the meters to be tested are about to be replaced/retired. The meters being retired will automatically be tested upon removal in accordance with existing requirements.

The Company notes that field-testing costs approximately \$36 per meter. To field-test the remaining 3,268 meters that are now pending replacement would cost approximately \$117,650. To forego field testing, in Lockhart's opinion, would eliminate duplicate testing of the remaining meters. However, to postpone testing potentially places the Company in violation of Regulation 103-370, which provides for all single-phase meters to be tested at least once in eight (8) years, unless the Company has in place a Sample Meter Testing Plan as approved by the Commission. At present, Lockhart has no such Plan. The Company states that its intent is to file and seek Commission approval of such a plan before the end of the meter replacement process, thereby adopting a plan that would both reduce the cost to the customer and at the same time insure that meter testing is adequately performed and that the Company is in compliance. At that point, all meters

will be eight (8) years old or less, thereby reducing the likelihood of the existence of any metering error.

Accordingly, Lockhart requests that the meter-testing requirement as set forth in Commission Regulation 103-370 be waived during the remaining 3-year meter replacement period. Lockhart states that all new meters being placed in service will continue to be tested prior to installation as required. All meters removed from service will continue to be tested upon removal as required. Any customer's account for which a meter presently being used for billing is found upon removal to be "fast" by more than 2 per cent, will continue to be corrected accordingly. Lockhart would also furnish an annual progress update to the Commission and the Office of Regulatory Staff (ORS), showing a summary of final testing results of meters that are removed from service.

ORS has filed a response to the proposal and does not object to the proposal. ORS notes that the request is advantageous to the Company as well as to the ratepayer by alleviating the \$117,650 cost to field test the remaining meters scheduled for replacement. Also, the Company's approach continues to afford the ratepayer the required assurances by testing all new meters being placed into service and testing all existing meters being retired from service.

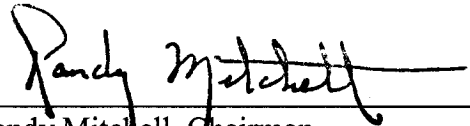
If approved, ORS requests that the Company provide its 3-year schedule of meter replacement activity and update the Commission and ORS annually on its progress. ORS also requests that the Company submit its Sample Meter Testing Plan to the Commission on or before December 31, 2008, to assure future compliance with Commission Regulation 103-370.

We grant the requested waiver as filed. 26 S.C. Code Ann. Regs 103-301 (3) (1976) states that in any case where compliance with any of the Commission rules and regulations introduces unusual difficulty, such rule or regulation may be waived by the Commission upon a finding by the Commission that such waiver is in the public interest. We believe that the waiver of the regulation is in the public interest, in that it saves the Company, and, ultimately, the ratepayer, \$117,650 in costs. Further, the Company faces unusual difficulty in that strict compliance with the regulation would mean that the Company would have to test meters that are set for replacement in the near future. This does not make logical sense. The waiver should be and is granted under the conditions asserted by the Company.

In approving the requested waiver, we also adopt the proposals of ORS. The Company shall provide to both the Commission and ORS its 3-year schedule of meter replacement activity and update both the Commission and ORS annually on its progress on the meter replacement project. Further, The Company must submit its Sample Meter Testing Plan to the Commission on or before December 31, 2008, to assure future compliance with Commission Regulation 103-370.


This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Randy Mitchell, Chairman

ATTEST:



G. O'Neal Hamilton, Vice-Chairman

(SEAL)